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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/08

SPONSOR     Komadina     LAST UPDATED                      HB                     

SHORT TITLE     Municipal Higher Education Facility Tax Eligibility     SB     149    

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ANALYST     Francis    

### REVENUE (dollars in thousands)

| Estimated Revenue |      |      | Recurring<br>or Non-Rec | Fund<br>Affected |
|-------------------|------|------|-------------------------|------------------|
| FY08              | FY09 | FY10 |                         |                  |
|                   | NFI  |      |                         |                  |

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to SB6

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

NM Municipal League (NMML)

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 149 amends the municipal higher education facilities gross receipts tax [7-19D-16 NMSA 1978] to include any municipality that qualified prior to January 1, 2008. Current law restricts the ability to levy the tax to municipalities with more than 50,000 people in Class B counties with property value of over \$2 billion.

As of the last census (2000), only four municipalities in New Mexico has populations over 50,000: Albuquerque, Santa Fe, Las Cruces and Rio Rancho. (Roswell and Farmington could reach 50,000 by the 2010 census.) Of these four, only Rio Rancho is located in a Class B county and Sandoval County's property value for 2006 was just above \$2 billion.

### FISCAL IMPLICATIONS

The amendment does not include or exclude any additional municipalities: Rio Rancho remains the only municipality to qualify.

**SIGNIFICANT ISSUES**

If SB6 is enacted, Sandoval County will be reclassified as a Class A county due to population growth and so would mean that Rio Rancho will no longer be eligible to impose this tax.

NMML highlights an important issue: “The current legislation would allow any municipality that met the criteria to impose the Municipal Higher Education Gross Receipts Tax in future years. The Amendment would end eligibility to impose the tax after January 1, 2008. As New Mexico municipalities grow in the future they may wish to attract 4 year post secondary education institutions if they do not already have one in the municipality. Passage of this legislation would preclude the municipality from using the Municipal Higher Education Gross Receipts Tax for the purposes contained in the legislation.”

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB 6 would reclassify Sandoval County as a Class A county.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Rio Rancho would no longer be allowed to levy the higher education facility local option tax.

NF/mt